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New Building Up 25 Per Cent, Exceeds Expectations

Construction in the country is proving to be unfazed by the US economic woes, say experts, growing 25 per cent in the past 12 months.

According to the Colegio Federado de Ingenieros y Arquitectos de Costa Rica (CFIA), their teams have dealt with more than six million square meters of new construction in the past year.

“This is a growth that has surpassed expectations for the sector, which has watched, with a good deal of worry, the real estate crisis in the United States, the escalation of oil prices, and the increase in costs of construction supplies,” said CFIA’s Director, Olman Vargas.

The recent implementation of more restrictive banking policies in the Costa Rican credit sector and daunting statements from the Central Government, further quashed any high expectations for the sector for this year, said Mr Vargas.

During 2005 and 2006, he continued, the construction sector was going through its “boom” in which growths on the scale of 21 per cent and 58 per cent, respectively, were felt over the two years.

He said 2007 registered a moderate growth of seven per cent, which meant that while the CFIA processed 4,157,293 square meters in 2004, by 2007 the sector had doubled, with the CFIA seeing a recorded 8,465,111 square meters.

The expectation for 2008, admits Mr Vargas, was for the sector to grow no more than ten per cent, given that “the international economic factors would affect our country, causing a significant deceleration in construction”.

However, in the midst of an uncertain market, the CFIA is reporting a growth in square meters, although, in many cases, it is a matter of public works or other large constructions — not necessarily, in the quantity of projects Costa Rica is seeing.

“Analyzing the statistics in detail, you see the number of registrations have diminished, but some of them are of such enormity they have maintained the growth in an important way,” continued Mr Vargas.

In short, fewer projects have been presented to the CFIA this year, but the large-scale ones they have processed are buoying the sector as a whole. These so-called megaprojects are keeping up the construction sector’s dynamism, he said.



According to its registrations, the CFIA notes there have been fluctuations in certain zones, accelerating the development of construction projects.

Mr Vargas pointed mainly at the past booming development along the coastal provinces, using Guanacaste and Puntarenas as examples. This year, however, a shift could be seen, with the tendency to build along the outskirts of areas like San José and Alajuela — two sites undergoing the greatest increase in construction projects.

Puntarenas is the only province which saw fewer projects being processed when compared to its figures from last year; however, the province still remains in fourth place, behind San José, Guanacaste, and Alajuela, in terms of total processing per province.

Escazú led the list of the top ten cantons, with respect to project-processing. It processed 7.9 per cent of the country’s total. It was followed closely by Alajuela (7.5), San José central (7.1) and Garabito (6.3). Cantons like Santa Cruz, Liberia and Carrillo figured strongly as well, landing in fifth, seventh and ninth places, respectively.